



OFFICE OF  
CHIEF COUNSEL

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

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CC:PA:APJP:2:RBTaylor  
SPR-106427-01

MEMORANDUM FOR JOEL GOVERMAN, DIRECTOR (FILING AND PAYMENT  
COMPLIANCE)

FROM: Assistant Chief Counsel (Administrative Provisions and Judicial  
Practice) CC:PA:APJP

SUBJECT: RRA 98 Sections 3306, 3308 and 3506

This memorandum is in response to request for advice dated January 10, 2001. In your request for advice, you asked Counsel to provide you with guidance with respect to the effect of the interest and penalty notice requirements under I.R.C. §§ 6631 and 6751(a) on the annual installment agreement notice required by Section 3506 of the Internal Revenue Service Restructuring and Reform Act of 1998 (RRA 98), Pub. L. No. 105-206, 112 Stat. 685 (1998). The annual installment agreement notice will include amounts of interest and penalties that accrued or were assessed for the year which the notice covers.

Section 6631 of the Code, added by section 3308 of RRA 98, provides that each notice to an individual taxpayer which includes an amount of interest required to be paid by such taxpayer must include information with respect to the section under which the interest is imposed and a computation of the interest.

Section 6751(a) of the Code, added by section 3306 of RRA 98, provides that each notice of penalty under the Code must include information with respect to the name of the penalty, the Code section under which the penalty is imposed, and a computation of the penalty.

Section 3506 of RRA 98 provides that the Service must provide each taxpayer who has an installment agreement in effect under section 6159 an annual statement setting forth the initial balance at the beginning of the year, the payments made during the year, and the remaining balance as of the end of the year.

It is our opinion that the annual installment agreement notice, as required by section 3506 of RRA 98, is subject to the notice requirements under sections 6631 and 6751(a) of the Code. The annual installment agreement notice, as proposed, includes the items as required by section 3506 of RRA 98, the beginning of the year balance, the payments made during the year, and the remaining balance at the end of the year.

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Additionally, the notice includes the amounts of interest and penalties that accrued or were assessed during the year. Sections 6631 and 6751(a) are effective for any notices that include amounts of interests or penalties, respectively. Thus, the annual installment agreement notice is subject to the requirements for notices under sections 6631 and 6751(a) because the notice includes amounts of interest and penalties.

Please note that the requirements of section 6631 and 6751(a) are effective for all notices sent after June 30, 2001. See section 302 of the Community Renewal Tax Relief Act of 2000 (H.R. 5662, incorporated in H.R. 4577, the Consolidated Appropriations Act, 2001), Pub. L. No. 106-554, § 302, 114 Stat. 2763 (CRTRA 2000). Additionally, CRTRA 2000 provides that a notice that includes interest or penalties, issued after June 30, 2001, and before July 1, 2003, only needs to include a phone number at which a taxpayer can request a copy of the information required to comply with sections 3306 or 3308 of RRA 98.

If you have any questions or concerns regarding this response, please contact Brad Taylor at (202) 622-4940.

CURTIS G. WILSON

By:



Charles A. Hall  
Acting Assistant to Chief,  
Branch 2